

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24/25
Responses to the Department's Sixth Set of Information Requests

Request No. DTE 6-6 (Electric):

Refer to Exh. FGE-MHC-5 (Electric) at 4. Please provide the derivation of the total capitalization amount of \$1,364,335.

Response:

All USC charges on the monthly invoice are classified according to actual USC direct labor hours worked in any given month. Each month USC employees enter their time cards and they identify: the amount of direct labor hours worked on a particular task, designated by Job Order Numbers ("JON's") in the USC Time & Billing system, and the particular client company (i.e. FG&E) for which the work was performed. Certain JON's are designated as activities related to capital projects. Other JON's are expense-related activities.

In preparing the monthly USC invoice, the amount of direct labor hours worked on "capital" type JON's is compiled. Indirect labor and overheads are then allocated based on the amount of direct labor charged to capital, the Company's annual construction budget or Total Utility Plant balances. This allocation comes from the system-wide allocators of USC's costs for all subsidiaries (as approved by the SEC allocation formula), reflects the pass through of USC costs at cost, and is consistent with the manner in which USC costs are allocated to FG&E in general, not just the electric division. When the USC invoice is presented to FG&E for payment each month, the amount of charges to be capitalized is displayed in the invoice.

These capitalized costs for FGE (Electric Division) totaled \$1,364,335 for 2001.

Person Responsible: Mark H. Collin